

Full Biomass Working Group Meeting Notes January 28, 2010

Attendees: Howard Haines, Chuck Roady, Todd Morgan, Jim Haider, Brian Spangler, Stacey Scott, Steve Holland, Peter Kolb, Brian Sugden, John Thompson, Greg Jones, Rich Lane, Roger Ziesak, Julia Altemus, Angela Farr, Julie Kies, Martin Twer, Craig Rawlings, Kevin Furey. By phone: Sonya Nowakowski, Jason Toddhunter, Bill Wall, Joe Kerkvliet.

Notes

Angela began with explaining her temporary (3 month) position covering for David Atkins as Reg.1 Biomass Utilization Coordinator. Julie Kies and Julia Altemus will represent Montana DNRC and the Biomass Utilization Program in her absence. Restated the purpose of the Working Group—as a broad spectrum of interests, assist in development of state wood biomass utilization strategy including providing recommendations to EQC.

Status of Porterbench and NW Energy CHP feasibility assessments (recipients of DOC grants): Studies due for completion at end of March. NW Energy is scoping existing sawmills that are still operational. Porterbench is scoping out mill sites that are no longer operational. Both are looking at 5-20 MW range of power production. Angela mentioned that the estimated project cost would be between \$20-50 million for CHP plant. Chuck Roady stated you can estimate an average investment cost of \$2.5-3 million/MW. Brian Spangler mentioned that the DEQ will be meeting with DOE in Washington DC next week to discuss the potential for DOE to fund a biomass-fired CHP demo/pilot project in Montana.

Greg Jones mentioned a biochar pyrolysis plant as a viable option for a demo project that would cost less than \$1 million to construct. One unit requires 25 tons/day and additional units can be added/stacked as desired.

Group discussed recent media attention around biomass—positive and negative. Angela's interview on Home Ground Radio, MPR. Todd Morgan and BBER have developed pub on Woody Biomass as part of MT Business Quarterly. BBER will appear on KPAX "Face the State" TV show re: woody biomass and the Missoulian will be doing a feature story.

Group talked about other recent articles written about biomass energy and the need for us to coordinate a communication strategy that presents the facts/research about biomass. Martin Twer submitted an op-ed to the Missoulian (due for publication 1/29). Joe Kerkvliet submitted an op-ed to the Billings Gazette (due for pub 1/30). The group agreed that we should take a more concerted approach to providing information, rather than responding to opinion articles. Group decided to direct energy to compiling and drafting reports to provide accurate data on biomass—to be published on website. Joe K mentioned issues of concern we especially want to address should include carbon neutrality and air quality. Others mentioned topics of scale, context, life-cycle analyses,

etc. Martin Twer pointed out that a lot of strong research has been conducted in Europe that we can draw from.

Julia Altemus gave update on biomass definition in federal legislation. It appears to be in a holding pattern.

Update on EQC and recommendations:

Group reviewed handout of recommendations from Todd Morgan. Chuck Roady's recommendations included: the need for a power buyer, need to reduce capital costs (no-low interest loans, improved tax incentives to lower cost of power production), need for parity with other renewables (biomass is only worth 1.1 cents while wind/solar get 2 cents). Angela mentioned that a lot of tax credits expired at end of 2009. Craig Rawlings will share latest info on tax parity. Joe K asked if WGA was on board. Julia Altemus said perhaps we should try to connect with WGA's biomass group. Other suggestions from Chuck were: need to reduce risk—investors are hesitant to trust that wood supply from federal lands will be available to meet their plant needs. Also, need to reduce cost of biomass fuel—reduce delivery costs, provide property tax incentives similar to OR and NC. Chuck also stated a need to find a way to monetize lowering costs of forest risks (i.e. fire, insect damage). Jason Toddhunter suggested bringing SB 146 back to the legislature in next session. Julia Altemus stated we need to be careful asking for tax reductions in light of the current financial constraints on the state—the legislature, especially in their fiscal review, will be hesitant to pass policy that costs a lot of money.

Sonya Nowakowski shared EQC timelines:

February 8: deadline for us to get recommendations in (2/12 drop-dead deadline)

March 4-5: Next EQC meeting. Here they will come up with their findings and recommendations, and direct bills to be drafted.

May 6-7: review bills

July: EQC meets again and finalizes plans

Angela asked Sonya about the potential role that the Public Service Commission could play in the RPS. Sonya mentioned that PSC has jurisdiction over MDU and NWE, but not utility co-ops. Group discussed how this poses a challenge for potential biomass power generation locales that are in co-op districts. Sonya said that PSC has to allow utilities to change their portfolio plan. NorthWestern has already met their interim RPS standard with wind generation. Sonya shared this info:

MDU: Title 69 Ch.3 Pt.12

NWE: Title 69 Ch.8 Pt.8

Sonya also mentioned that John Fitzpatrick, NWE gave presentation to EQC that stated they have received bids for biomass energy production at \$95-150/MW, while default supply costs \$60/MW. The prices of transmission, capacity and location are considerations.

BMP update: Consolidated suggestions for edits will be sent to sub-group and we will schedule a meeting in the next few weeks.

Angela will be meeting with Meredith Webster to discuss creation of publication of “voluntary guidelines” related to biomass harvest, soil, etc.

Working Group webpage:

Julie is creating a web page that will include postings of meeting dates, agendas, notes, materials, membership list. Hopefully posted by Feb.12.

Recent funding/opportunities:

- Julia clarified that the \$20 million from USDA for forest mng't is not new money, it's just re-appropriated. There is \$3.5 million in Montana that will go to work on the Beaverhead Deerlodge and Helena NFs.
- Next meeting of CFRLP in Feb. 9 at Lolo NF office, Missoula. Joe K requested a list of mills and current users of biomass and small-diameter material in the Southwestern sub-region districts. Todd Morgan will send him data he has.

Action Items:

- Angela will compile EQC recommendations and redistribute to group for review.
- Julie will send out consolidated BMP edit suggestions to BMP working group and set date for next meeting in a few weeks.